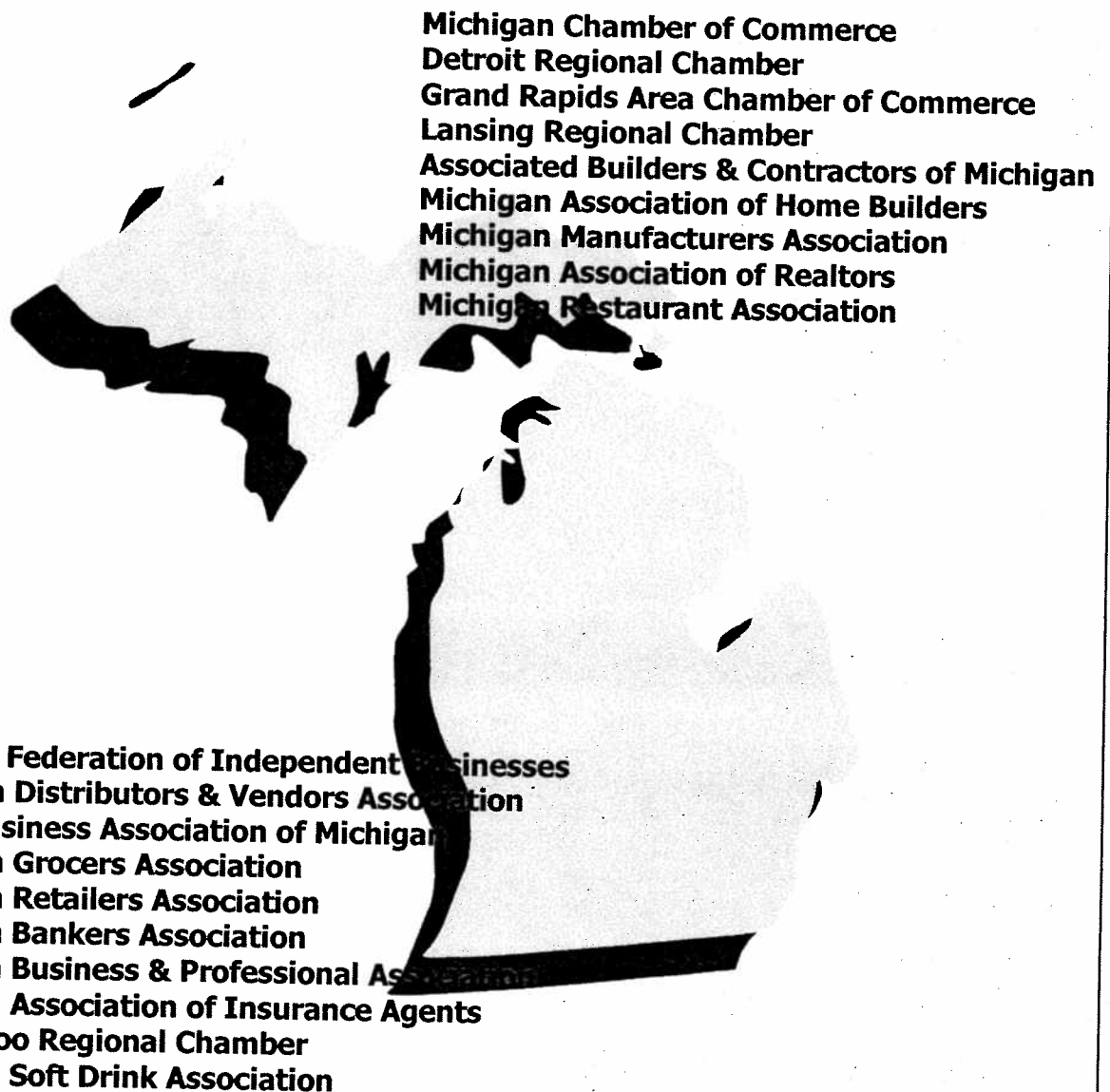


- ♦ **Balance the budget without tax hikes**
  - ♦ **Implement substantive spending reforms**
    - ♦ **Examine Michigan's tax structure to improve business climate and create jobs**
- 




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**Michigan's job creators large and small across the state are speaking with one voice to demand that this moment of crisis be turned into an opportunity to reform and revitalize Michigan now and for the future**

# Business Group Messaging Document

- Balance the budget without increasing taxes
- Implement some substantive spending reforms
- After a balanced budget without raising taxes and action on spending reforms, then, and only then, should overall tax restructuring be discussed.

The business community does not support discussions of overall tax restructuring confined to the goal of increasing revenue to the state so that needed structural spending reforms can be avoided. In this context we firmly insist that any discussion on tax reforms not be undertaken until Michigan's budget is balanced without additional taxes or revenues imposed on the business community.

The business community insists that some movement on substantive structural spending reforms be put into place before an overall tax restructuring conversation can begin. This does not mean that every recommendation put forward by the business community must be implemented, but a number of substantive reforms must be acted upon to show good faith by the legislature and the governor that serious reforms are underway.

When the fiscal house of the state is in order and spending reforms are being implemented, then the business community is willing to participate in discussions concerning what the overall tax structure of the state should look like. Such discussions should include the broad representation of the organizations that have been a part of efforts to guide lawmakers in balancing the budget and adopting spending reforms. While there is no promise of consensus from the entire business community – there is a good faith promise of effort to get there.

Michigan Chamber of Commerce  
Detroit Regional Chamber  
Grand Rapids Area Chamber of Commerce  
Lansing Regional Chamber  
Associated Builders and Contractors of Michigan  
Kalamazoo Regional Chamber  
Michigan Association of Home Builders  
Michigan Manufacturers Association  
Michigan Restaurant Association  
Michigan Soft Drink Association

National Federation of Independent Businesses  
Michigan Association of Realtors  
Michigan Distributors & Vendors Association  
Small Business Association of Michigan  
Michigan Grocers Association  
Michigan Retailers Association  
Michigan Bankers Association  
Michigan Business & Professional Association  
Michigan Association of Insurance Agents

## Press Advisory

### **More than 2,000 Michigan Businesses and Organizations Sign Letter Urging Lawmakers to Implement Spending Reforms**

Contact: Brad Williams 517.402.1744 / Jim Holcomb 517.896.6686 / Brad Ward 517.372.8890

November 9, 2009 Lansing, MI- A letter to Michigan lawmakers signed by more than 2,000 Michigan business owners was hand delivered today by a group of business organizations representing a vast cross section of Michigan job providers. The letter praises lawmakers for passing a state budget balanced without tax increases, but warned that spending reforms must be the next step.

The letter echoed sentiments already expressed by the broad group of business associations during the battle over balancing the state budget this fall – no new taxes on Michigan business. This time, however, that message and the need for reforms was reinforced by more than 2,000 main street business owners lending their name to the cause.

In addition to thanking lawmakers for their efforts on the budget, business owners made it clear that that the business community does not support discussions of overall tax restructuring with the goal of increasing revenue so the state can dodge needed spending reforms.

"Balancing the budget while looking out for our job providers was a major accomplishment", said James Holcomb, Vice President for Business Advocacy at the Michigan Chamber of Commerce. "But we must keep the momentum going to change the way we conduct government in our state."

"The next logical step for our lawmakers is movement on spending reforms," said Brad Williams, Director of Government Relations for the Detroit Regional Chamber. "This must be done before we start talking about "tax reform" or "tax restructuring".

"This does not mean that every recommendation put forward by the business community must be implemented, but a number of substantive reforms must be acted upon to show good faith by the legislature that serious reforms are underway," said Bill Martin, President of the Michigan Association of Realtors.

The coalition of business groups expressed gratitude to those lawmakers that held the line on tax increases in the 2010 budget passed last week, but remained cautious with talk of follow up revenue increases rumored to be in discussion at the capitol.

Business groups that collected the signatures and put together the letter and message for lawmakers include:

Michigan Chamber of Commerce  
Detroit Regional Chamber  
Grand Rapids Area Chamber of Commerce  
Lansing Regional Chamber  
Associated Builders and Contractors of Michigan  
Kalamazoo Regional Chamber  
Michigan Association of Home Builders  
Michigan Manufacturers Association  
Michigan Association of Realtors  
Michigan Restaurant Association

National Federation of Independent Business  
Michigan Distributors & Vendors Association  
Business Leaders for Michigan  
Small Business Association of Michigan  
Michigan Grocers Association  
Michigan Retailers Association  
Michigan Bankers Association  
Michigan Business & Professional Association  
Michigan Association of Insurance Agents

# MEMO

To: Honorable Members of the Michigan House and Senate  
From: Concerned Michigan Business Owners and Representatives  
Date: November 9, 2009  
Re: Revitalizing Michigan

We write to commend you for passing a budget balanced with spending cuts that avoid raising more taxes on our struggling businesses. It is crucial to the economic vitality of our state that meaningful reforms be acted upon soon and we strongly suggest that now is the wrong time to begin a conversation about increasing taxes.

As businesses of every size and industry that employ millions of Michigan workers, we will not support "tax restructuring" with the primary goal of increasing revenue to the state so that needed structural spending reforms can be avoided and the status quo maintained.

Many of us are fighting for survival and have a deep concern for the future of our state. Passing a balanced budget without new taxes is an important first step. To continue the momentum toward improving our business climate so that we can create the jobs we need, Michigan must now move forward on money saving reforms in order to get us moving in the right direction. Michigan's employees and employers simply cannot wait any longer for positive change to occur. We know some of the choices to be made are tough, but difficult decisions are being made everyday by families and job providers across Michigan and government has a responsibility to do the same.

By enacting meaningful reforms you will right size our government and revitalize Michigan. As elected stewards of our state, you are in a position to enact the true change that will ensure Michigan is a place where people want to live, do business and raise their families.

When job providers and entrepreneurs are successful, everyone in Michigan wins.

We thank you for your support.

Signed by more than 2,000 Michigan job providers and:

National Federation of Independent Business  
Michigan Chamber of Commerce  
Detroit Regional Chamber  
Grand Rapids Area Chamber of Commerce  
Lansing Regional Chamber  
Associated Builders and Contractors of Michigan  
Kalamazoo Regional Chamber  
Michigan Association of Home Builders  
Michigan Manufacturers Association  
Michigan Association of Realtors  
Michigan Distributors & Vendors Association

Michigan Restaurant Association  
Business Leaders for Michigan  
Small Business Association of Michigan  
Michigan Grocers Association  
Michigan Retailers Association  
Michigan Bankers Association  
Michigan Business & Professional Association  
Michigan Association of Insurance Agents

Cc: The Honorable Governor Jennifer Granholm

## **Business Group Reform Discussion**

### **Reform Revitalizes Michigan**

- If reform was easy, it would have been done already.
- The business community is prepared to stand by those who support reform and hold accountable those who would stand in the way.
- The worst choice is to do nothing.
- None of these reforms will independently solve the current budget crisis, in fact many are long-term reforms that may take several years to produce significant savings, but the failure to enact these reforms after the tax increases of 2007 has contributed directly to the current fiscal crisis.

### **Education Reform Revitalizes Michigan**

- Require all new teachers hired by a date certain in the future to have defined contribution, rather than defined benefit, retirement plans **(\$87 million<sup>1</sup>)**
- Move all administrative functions of local schools to the ISD, leaving local school boards with only academic and athletic functions
- Require that school districts competitively bid all non-core functions, including transportation, food service, and custodial work. **(\$100-300 million<sup>2</sup>)**
- Reduce the number of school districts **(\$300 million<sup>3</sup>)**
- School Employees Pay 25% of Health Insurance Costs **(\$650 million<sup>4</sup>)**
- Cap School Superintendant Pay **(\$6.1 million<sup>5</sup>)**

### **Corrections Reform Revitalizes Michigan**

- Reduce mandatory minimum sentences and increase parole rates for all crimes **(\$200 – 400 million<sup>6</sup>)**
- Competitively bid all food service, mental health services, and transportation in prisons **(\$25 million for food service alone<sup>7</sup>)**

### **Government Employee Reform Revitalizes Michigan**

- Pool all health care plans for public employees **(\$315 million<sup>8</sup>)**
- Increase minimum retirement/years of service for all public employees to be eligible for retirement benefits **(\$265 million<sup>9</sup>)**
- Increase state employee and retiree health care premium co-pays **(\$25-\$60 million<sup>10</sup>)**
- Reduce state worker health benefits to national average **(\$269 million<sup>11</sup>)**

**Continued....**

## **Business Group Reform Discussion**

### **Local Government Reform Revitalizes Michigan**

- Reform Public Act 312 to change arbitration standards for police and fire (**\$80 million**<sup>12</sup>)
- Reform Urban Cooperation Act and two other similar acts to eliminate requirement that when a service merger occurs, the higher wage and benefits must be paid (**\$350 million**<sup>13</sup>)
- Exempt government construction from prevailing wage statutes (**\$250 million**<sup>14</sup>)
- Outlaw project labor agreements on projects funded with taxpayer dollars
- Eliminate road patrol function of Michigan State Police and let county sheriffs take over that function (**\$65 million**<sup>15</sup>)

### **State Government Reform Revitalizes Michigan**

- Establish an Office of Medicaid Inspector General to specifically investigate Medicaid fraud (**\$70 million**<sup>16</sup>)
- Require program efficiency studies in all government programs to eliminate waste (**\$360 million**<sup>17</sup>)
- Eliminate undocumented and potentially fraudulent child care payments (**\$231 million**<sup>18</sup>)

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Michigan Business & Professional Association  
Michigan Association of Insurance Agents

**Footnotes follow...**

## Business Group Reform Discussion

### Footnotes

- <sup>1</sup> "Budget Action Plan: Restructuring Options to the State Legislature." Public Sector Consultants. August 2008. [http://www.detroitrenaissance.com/files/DetRen\\_Final091708.pdf](http://www.detroitrenaissance.com/files/DetRen_Final091708.pdf)
- <sup>2</sup> Mackinac Center for Public Policy
- <sup>3</sup> "Driving More Money Into the Classroom: The Promise of Shared Services." Deloitte Consulting. [http://www.deloitte.com/dtt/cda/doc/content/DTT\\_DR\\_SS\\_Education\\_Nov05.pdf](http://www.deloitte.com/dtt/cda/doc/content/DTT_DR_SS_Education_Nov05.pdf) and state breakdown via "FY 2008-09 Initial Appropriations Report." Senate Fiscal Agency. <http://www.senate.michigan.gov/sfa/publications/approps/initial2009.PDF#page=142>
- <sup>4</sup> Mackinac Center for Public Policy, "Budget Action Plan: Restructuring Options to the State Legislature." Public Sector Consultants. August 2008. [http://www.detroitrenaissance.com/files/DetRen\\_Final091708.pdf](http://www.detroitrenaissance.com/files/DetRen_Final091708.pdf) and "State and Local Government Finances by Level of Government and by State: 2005-06." U.S. Census Bureau. [http://www.census.gov/govs/estimate/0623mis1\\_1.html](http://www.census.gov/govs/estimate/0623mis1_1.html)
- <sup>5</sup> Center for Michigan
- <sup>6</sup> Citizens Research Council (2006), Detroit Renaissance/Public Sector Consultants (2008), Legislative Commission on Government Efficiency, November 2009
- <sup>7</sup> Michigan Auditor General (2008) Legislative Commission on Government Efficiency, November 2009
- <sup>8</sup> University of Michigan School of Public Health
- <sup>9</sup> Center for Michigan Issue Guide – May 2009 "Budget Action Plan: Restructuring Options to the State Legislature." Public Sector Consultants. August 2008. [http://www.detroitrenaissance.com/files/DetRen\\_Final091708.pdf](http://www.detroitrenaissance.com/files/DetRen_Final091708.pdf)
- <sup>10</sup> House Fiscal Agency analysis of HB 5624 – 10 to 15% = \$25 million; 10 to 10% = \$60 million
- <sup>11</sup> Center for Michigan Issue Guide – May 2009 "Budget Action Plan: Restructuring Options to the State Legislature." Public Sector Consultants. August 2008. [http://www.detroitrenaissance.com/files/DetRen\\_Final091708.pdf](http://www.detroitrenaissance.com/files/DetRen_Final091708.pdf)
- <sup>12</sup> Center for Michigan Issue Guide – May 2009 "Task Force on Local Government Services and Fiscal Stability: Final Report to the Governor." May 2006. <http://www.baycountymi.gov/Docs/Executive/Reports/Task%20force%20on%20Local%20Government%20Services.pdf>
- <sup>13</sup> U.S. Census Bureau. [http://www.census.gov/govs/estimate/0623mis1\\_1.html](http://www.census.gov/govs/estimate/0623mis1_1.html)
- <sup>14</sup> Legislative Commission on Government Efficiency, November 2009
- <sup>15</sup> Prevailing Wages and Construction Costs By Dr. Richard Vedder | Sept. 2, 1999
- <sup>16</sup> How to Save \$2.2 Billion Spring 2009 Version By Mr. Jack P. McHugh | May 15, 2009
- <sup>17</sup> Michigan Auditor General (2008)
- <sup>18</sup> Legislative Commission on Government Efficiency, November 2009: Personnel Practices: \$230 million; Information Technology: \$130 million; Purchasing: \$30 million.
- <sup>19</sup> Michigan Auditor General (2008)